PURE MULTI-FAMILY REIT LP

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the three and six months ended June 30, 2019

Dated: August 8, 2019

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SECTION I

FORWARD-LOOKING DISCLAIMER

The following management's discussion and analysis of the results of operations and the financial condition ("MD&A") of Pure Multi-Family REIT LP ("Pure Multi-Family") for the three and six months ended June 30, 2019 should be read in conjunction with Pure Multi-Family's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2019 and the annual audited consolidated financial statements for the year ending December 31, 2018, available on SEDAR at www.sedar.com and on Pure Multi-Family's website at www.puremultifamily.com. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

Certain information in this MD&A contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) including, among others, statements made or implied under the headings "Overview", "Outlook", "Results of Operations", "Financial Condition", "Liquidity and Capital Resources" and "Risks and Uncertainties" relating to Pure Multi-Family's objectives, strategies to achieve those objectives, beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as "outlook", "believe", "expect", "may", "anticipate", "should", "intend", "estimates" and similar expressions.

In particular, certain statements in this MD&A discuss Pure Multi-Family's anticipated future events. These statements include, but are not limited to:

(i) Pure Multi-Family's growth strategy, including the accretive acquisition of properties with unique features and the anticipated extent of the accretion of any acquisitions, which could be impacted by demand for properties and the effect that demand has on acquisition capitalization rates and changes in the cost of capital;
(ii) maintaining, stabilizing or increasing occupancy levels and rental revenue, which could be impacted by changes in demand for Pure Multi-Family's properties, financial circumstances of tenants, including tenant defaults, the effects of general economic conditions and supply of competitors' properties in proximity to Pure Multi-Family's properties;
(iii) increasing unitholder value through improved efficiencies from the internalization of the property management function and recycling of the investment properties to newer properties;
(iv) overall indebtedness levels, which could be impacted by the level of acquisition activity Pure Multi-Family is able to achieve, fair value of its properties and future financing opportunities;
(v) tax status of Pure US Apartments REIT Inc., which can be impacted by regulatory changes enacted by governmental authorities;
(vi) adequacy of cash flows from operations and debt and equity financings sufficient to meet ongoing obligations and growth;
(vii) anticipated distributions and payout ratios, which could be impacted by capital expenditures, results of operations and capital resource allocation decisions;
(viii) obtaining and maintaining adequate insurance for Pure Multi-Family's properties;
(ix) anticipated interest rates and exchange rates;

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results. Those risks and uncertainties include, among other things, risks related to: property ownership; geographic focus; asset-class focus; unit prices; liquidity; credit risk and tenant concentration; interest rate and other debt related risk; tax risk; ability to access capital markets; lease rollover risk; competition for real property investments; environmental matters; changes in legislation; cybersecurity; and indebtedness of Pure Multi-Family.

Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions and information currently available, which include, management's current expectations, estimates and assumptions that: the multi-family residential real estate market in the "Sunbelt" region in the United States will remain strong; property acquisition and disposition prospects and opportunities will be consistent with Pure Multi-Family's experience over the past 24 months; proposed acquisitions will be completed on the terms and basis agreed to by Pure Multi-Family, acquisition capitalization rates remain reasonably constant; the global economic environment will remain stable, interest rates will remain low relative to historic norms, and Pure Multi-Family's business strategy, plans, outlook, projections, targets and operating costs will be consistent with Pure Multi-Family's experience over the past 24 months, Pure Multi-Family will be able to maintain occupancy at current levels, tenants will not default on lease terms, governmental regulations and taxation will not change to adversely affect Pure Multi-Family's business and financial results, the equity and debt markets continue to provide Pure Multi-Family with access to capital at a reasonable cost to fund future growth and potentially refinance mortgage debt as it matures, and Pure Multi-Family will be able to obtain adequate insurance and financing; however, management can give no assurance that actual results will be consistent with these forward-looking statements. Although the forward-looking statements contained in this MD&A are based on what management believes are reasonable assumptions, there can be no assurance that actual results, operations or performance will be consistent with these statements.

Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to Pure Multi-Family, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All forward-looking statements in this MD&A are qualified in their entirety by this forward-looking disclaimer.

These forward-looking statements are made as of August 8, 2019 and Pure Multi-Family assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

BASIS OF PRESENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial information included in this MD&A for the three and six months ended June 30, 2019 includes material information up to August 8, 2019. Except as otherwise stated in this MD&A, all dollar amounts in this MD&A, including per unit amounts, are stated in U.S. dollars.

All references herein to "consolidated" refer to amounts as reported under IFRS. All references to "Pure Multi's interest" refer to a non-IFRS measure presented that assumes Pure Multi-Family prorates and accrues property tax liability and expense based on the time period of ownership throughout a given reporting year. For a reconciliation of Pure Multi-Family's results of operations (consolidated to Pure Multi's interest), see "Results of Operations Reconciliation".

Certain figures in this MD&A are non-IFRS measures, including, Pure Multi's interest, Funds from Operations or FFO, Adjusted Funds from Operations or AFFO, same property net rental income, adjusted same property net rental income, same property average monthly net effective rent per occupied unit and net rental income - same property. For an IFRS to non-IFRS reconciliation, see "Results of Operations Reconciliation" and "Liquidity and Capital Resources – Funds from Operations and Adjusted Funds from Operations".

OVERVIEW

About Pure Multi-Family

Pure Multi-Family is a Canadian-based, vertically integrated, internally managed, publicly traded vehicle which offers investors exclusive exposure to U.S. multi-family real estate assets. It offers investors the ability to participate in monthly distributions, with potential for capital appreciation, stemming from ownership of quality apartment assets located in core cities within the Southwestern and Southeastern portions of the U.S., which may include the States of Texas, Arizona, Georgia and Nevada (collectively, the "Sunbelt").

Pure Multi-Family is a limited partnership formed under the *Limited Partnership Act* (Ontario) to indirectly invest in multi-family real estate properties in the United States. Pure Multi-Family was established by Pure Multi-Family Management Limited Partnership (the "Managing LP"), its managing general partner from formation to May 24, 2018, and Pure Multi-Family REIT (GP) Inc. (the "Governing GP"), its governing general partner, pursuant to the terms of a Limited Partnership Agreement (the "LP Agreement") most recently amended and restated May 24, 2018, and as may be further amended from time to time. On May 24, 2018, unitholders approved, among other things, the removal of the Managing LP as a general partner of Pure Multi-Family. A copy of the LP Agreement can be obtained from the Chief Financial Officer of Pure Multi-Family or is available on SEDAR at www.sedar.com.

Pure Multi-Family's head office and address for service is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. Pure Multi-Family's property management office is located at 450 – 5810 Tennyson Parkway, Plano, Texas, 75024.

Pure Multi-Family, through Pure US Apartments REIT Inc. (the "US REIT"), was established for, among other things, the purposes of acquiring, owning and operating multi-family real estate properties in the United States.

Operational and Financial Highlights *(all metrics stated at Pure Multi's interest [1])*

	As at		
	June 30, 2019	December 31, 2018	December 31, 2017
Number of properties	**22**	22	22
Number of residential units	**7,085**	7,085	7,085
Portfolio average year of construction	**2007**	2007	2007
Physical occupancy	**95.5%**	94.2%	93.7%
Leased occupancy	**97.3%**	95.5%	95.0%
Investment properties *(000's)*	**$ 1,189,707**	$ 1,157,616	$ 1,133,501
Mortgages payable *(000's)*	**$ 546,417**	$ 577,486	$ 576,253
Credit facility *(000's)*	**$ 55,623**	$ 26,844	$ 25,762
Weighted average effective interest rate on mortgages payable	**3.79%**	3.75%	3.72%
Loan to gross book value	**51.6%**	52.6%	53.4%

Pure Multi's interest *($000s, except per unit basis) (all per unit amounts based on basic weighted average number of units outstanding)*	**For the three months ended June 30, 2019**	For the three months ended June 30, 2018	**For the six months ended June 30, 2019**	For the six months ended June 30, 2018
Total rental revenue [2]	**$ 28,077**	$ 27,359	**$ 55,872**	$ 54,472
Total operating expense [2]	**11,704**	11,867	**23,694**	23,845
Total net rental income [2]	**16,373**	15,492	**32,178**	30,627
Net rental income margin	**58.3%**	56.6%	**57.6%**	56.2%
Basic weighted average number of units outstanding				
Class A units	**76,736,671**	76,731,540	**76,736,671**	76,731,227
Class B units	**200,000**	200,000	**200,000**	200,000
Funds from operations ("FFO") [2]	**6,992**	6,446	**14,516**	13,877
per Class A unit	**0.09**	0.08	**0.18**	0.17
per Class B unit	**1.17**	1.08	**2.44**	2.33
Payout ratio	**106.5%**	115.5%	**102.6%**	107.3%
Adjusted funds from operations ("AFFO") [2]	**6,558**	6,005	**13,647**	12,994
per Class A unit	**0.08**	0.08	**0.17**	0.16
per Class B unit	**1.10**	1.01	**2.29**	2.18
Payout ratio	**113.5%**	124.0%	**109.1%**	114.6%

Notes:

(1) *The adjustments from the IFRS measure to Pure Multi's interest (non-IFRS measure) is limited to the prorating and accrual of the property tax liability and expense on all portfolio investments, based on the time period of ownership throughout the given reporting year. As a result, balances other than property tax expense and the corresponding fair value adjustments agree directly to the IFRS financial statements.*

(2) *For an IFRS to non-IFRS reconciliation, see "Results of Operations Reconciliation" and "Liquidity and Capital Resources – Funds from Operations and Adjusted Funds from Operations".*

Pure Multi-Family continues to maintain a conservative debt profile with fixed interest rate debt representing 90.8% of total entity level debt and variable interest rate debt representing only 9.2% as at June 30, 2019. At the property level, the mortgages payable have a weighted average interest rate of 3.79% per annum and an average mortgage term to maturity of 8.0 years.

For the three months ended June 30, 2019, rental revenue was $28,077,044 and net rental income, based on Pure Multi's interest, was $16,372,759, representing increases of $718,193, or 2.6%, and $881,236, or 5.7%, respectively, compared to the same period in the prior year. For the six months ended June 30, 2019, rental revenue was $55,871,978 and net rental income, based on Pure Multi's interest, was $32,177,684, representing increases of $1,400,067, or 2.6%, and $1,550,196, or 5.1%, respectively, compared to the same period in the prior year.

For the three and six months ended June 30, 2019, the net rental income margin, based on Pure Multi's interest, increased to 58.3% and 57.6%, respectively, compared to 56.6% and 56.2% during the same periods in the prior year. The increase in net rental income margin for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018 was primarily attributable to same property rental revenue growth and a reduction in same property operating expenses, while being partially offset by an increase in property tax expense.

For the three months ended June 30, 2019, Pure Multi-Family earned an average monthly net effective rent per occupied unit of $1,265, or $1.389 per square foot, across its portfolio (three months ended June 30, 2018 - $1,239 and $1.361, respectively), representing an increase in the average monthly net effective rent per occupied unit and per square foot of 2.1%, compared to the same period in the prior year. For the six months ended June 30, 2019, Pure Multi-Family earned an average monthly net effective rent per occupied unit of $1,261, or $1.385 per square foot, across its portfolio (six months ended June 30, 2018 - $1,238 and $1.360, respectively), representing an increase in the average monthly net effective rent per occupied unit and per square foot of 1.9%, compared to the same period in the prior year.

For the three months ended June 30, 2019, compared to the three months ended June 30, 2018, the FFO payout ratio improved to 106.5% from 115.5% and the AFFO payout ratio improved to 113.5% from 124.0%. For the six months ended June 30, 2019, compared to the six months ended June 30, 2018, the FFO payout ratio improved to 102.6% from 107.3% and the AFFO payout ratio improved to 109.1% from 114.6%. The FFO and AFFO payout ratio decreases, during the three and six months ended June 30, 2019, were primarily due to an increase in net rental income, which was partially offset by an increase in finance expenses and general and administrative expenses.

Same Property Analysis *(all metrics stated at Pure Multi's interest)*

Pure Multi's interest	**For the three months ended**			
Rental revenue – same property [1] (by location) ***($000's)***	**June 30, 2019**	June 30, 2018	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 15,753**	$ 15,560	$ 193	1.2%
Houston, Texas	**2,149**	2,186	(37)	(1.7%)
San Antonio, Texas	**5,659**	5,426	233	4.3%
Phoenix, Arizona	**3,513**	3,302	211	6.4%
Austin, Texas	**1,003**	885	118	13.3%
Total – same property [1]	**28,077**	27,359	718	2.6%
Total rental revenue	**$ 28,077**	$ 27,359	$ 718	2.6%

<u>*Notes:*</u>

(1) *Same property (non-IFRS measure) - represents properties owned as at January 1, 2018 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*

Pure Multi's interest ***Rental revenue – same property*** [1] (by location) ***($000's)***	**For the six months ended** **June 30, 2019**	June 30, 2018	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 31,349**	$ 30,876	$ 473	1.5%
Houston, Texas	**4,338**	4,384	(46)	(1.0%)
San Antonio, Texas	**11,335**	10,872	463	4.3%
Phoenix, Arizona	**6,983**	6,543	440	6.7%
Austin, Texas	**1,867**	1,797	70	3.9%
Total – same property [1]	**55,872**	54,472	1,400	2.6%
Total rental revenue	**$ 55,872**	$ 54,472	$ 1,400	2.6%

Notes:

[1] *Same property (non-IFRS measure) - represents properties owned as at January 1, 2018 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*

Pure Multi's interest ***Adjusted net rental income – same property*** [1][2] (by location) ***($000's)***	**For the three months ended** **June 30, 2019**	June 30, 2018	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 9,168**	$ 8,691	$ 477	5.5%
Houston, Texas	**1,341**	1,354	(13)	(1.0%)
San Antonio, Texas	**2,900**	2,772	128	4.6%
Phoenix, Arizona	**2,397**	2,096	301	14.4%
Austin, Texas	**516**	418	98	23.6%
Adjusted total – same property [1][2]	**16,322**	15,331	991	6.5%
Adjustments to net rental income [2]	**51**	160	(109)	(68.1%)
Total net rental income	**$ 16,373**	$ 15,491	$ 882	5.7%

Notes:

[1] *Same property (non-IFRS measure) - represents properties owned as at January 1, 2018 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*

[2] *Adjusted same property net rental income includes the removal of the impact of any property tax refunds received relating to a prior period.*

Pure Multi's interest ***Adjusted net rental income – same property*** [1][2] (by location) ***($000's)***	**For the six months ended** **June 30, 2019**	June 30, 2018	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 17,825**	$ 17,112	$ 713	4.2%
Houston, Texas	**2,731**	2,722	9	0.3%
San Antonio, Texas	**5,940**	5,520	420	7.6%
Phoenix, Arizona	**4,763**	4,256	507	11.9%
Austin, Texas	**868**	857	11	1.3%
Adjusted total – same property [1][2]	**32,127**	30,467	1,660	5.5%
Adjustments to net rental income [2]	**51**	160	(109)	(68.1%)
Total net rental income	**$ 32,178**	$ 30,627	$ 1,551	5.1%

Notes:

[1] *Same property (non-IFRS measure) - represents properties owned as at January 1, 2018 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*

[2] *Adjusted same property net rental income includes the removal of the impact of any property tax refunds received relating to a prior period*

Average monthly net effective rent per occupied unit - same property [1] (by location)	For the three months ended			
	June 30, 2019	June 30, 2018	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 1,257**	$ 1,241	$ 16	1.3%
Houston, Texas	**1,221**	1,198	23	1.9%
San Antonio, Texas	**1,310**	1,271	39	3.1%
Phoenix, Arizona	**1,296**	1,241	55	4.4%
Austin, Texas	**1,151**	1,118	33	3.0%
Portfolio weighted average – same property [1]	**1,265**	1,239	26	2.1%

Notes:
[1] *Average monthly net effective rent per occupied unit – same property (non-IFRS measure) - represents average monthly net effective rental income (net of concessions) for occupied units for properties owned as at January 1, 2018 and throughout the comparative periods.*

Average monthly net effective rent per occupied unit - same property [1] (by location)	For the six months ended			
	June 30, 2019	June 30, 2018	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 1,254**	$ 1,242	$ 12	1.0%
Houston, Texas	**1,221**	1,193	28	2.3%
San Antonio, Texas	**1,306**	1,265	41	3.2%
Phoenix, Arizona	**1,286**	1,245	41	3.3%
Austin, Texas	**1,142**	1,119	23	2.1%
Portfolio weighted average – same property [1]	**1,261**	1,238	23	1.9%

Notes:
[1] *Average monthly net effective rent per occupied unit – same property (non-IFRS measure) - represents average monthly net effective rental income (net of concessions) for occupied units for properties owned as at January 1, 2018 and throughout the comparative periods.*

Average physical occupancy – same property [1] (by location)	For the three months ended		
	June 30, 2019	June 30, 2018	% Change
Dallas - Fort Worth, Texas	**95.2%**	95.3%	(0.1%)
Houston, Texas	**95.0%**	97.3%	(2.3%)
San Antonio, Texas	**94.6%**	93.2%	1.4%
Phoenix, Arizona	**95.7%**	95.4%	0.3%
Austin, Texas	**94.8%**	86.2%	8.6%
Portfolio weighted average – same property [1]	**95.1%**	94.7%	0.4%

Notes:
[1] *Average physical occupancy – same property (non-IFRS measure) - represents average physical occupancy for properties owned as at January 1, 2018 and throughout the comparative periods.*

Average physical occupancy – same property [(1)] (by location)	**For the six months ended June 30, 2019**	June 30, 2018	% Change
Dallas - Fort Worth, Texas	**94.9%**	94.5%	0.4%
Houston, Texas	**95.9%**	97.6%	(1.7%)
San Antonio, Texas	**94.7%**	93.4%	1.3%
Phoenix, Arizona	**96.3%**	95.0%	1.3%
Austin, Texas	**88.9%**	87.2%	1.7%
Portfolio weighted average – same property [(1)]	**94.9%**	94.3%	0.6%

Notes:

(1) *Average physical occupancy – same property (non-IFRS measure) - represents average physical occupancy for properties owned as at January 1, 2018 and throughout the comparative periods.*

For the three and six months ended June 30, 2019, same property rental revenue increased by 2.6%, compared to the same periods in the prior year. These increases were primarily driven by increases in occupancy and average monthly net effective rent.

For the three months ended June 30, 2019, same property adjusted net rental income increased by 5.7%, compared to the same period in the prior year. For the six months ended June 30, 2019, same property adjusted net rental income increased by 5.1%, compared to the same period in the prior year. Within our markets we continued to see overall growth during the three and six months ended June 30, 2019 compared to the same periods in the prior year. These increases were primarily driven by increases in revenue (with the exception of Houston which incurred a small year-to-date decrease in revenue), and increased efficiency managing operating expenses, all of which were partially offset by an increase in property tax expenses. Our Austin, Texas market, which is represented by our Creekside property ("Creekside") has experienced a turnaround this quarter, producing positive results in all categories. The increase in adjusted net rental income at Creekside, compared to the same period in the prior year, was primarily the result of increased revenue due to an increase in occupancy and a decrease in rental concessions.

Portfolio Summary

As at June 30, 2019, Pure Multi-Family's portfolio consists of 22 investment properties, comprising an aggregate of 7,085 residential units, with an average size of 910 square feet per residential unit, located within five metropolitan areas: (i) Dallas - Fort Worth ("DFW"), Texas; (ii) San Antonio ("SA"), Texas; (iii) Houston, Texas; (iv) Austin, Texas; and (v) Phoenix, Arizona.

The weighted average physical occupancy rate was 95.5% and weighted average leased occupancy rate was 97.3% for all properties owned as at June 30, 2019 (December 31, 2018 – 94.2% and 95.5%, respectively). Pure Multi-Family's typical residential property leases have terms of between one to 12 months.

			As at June 30, 2019			For the three months ended June 30, 2019		
Property Locations	**Average Year of Construction**	**Residential Units**	**Fair Market Value** *($000's)*	**Debt to Fair Market Value**	**Cap Rate**	**Physical Occupancy**	**Leased Occupancy**	**Average Net Effective Rent per Occupied Unit**
DFW, TX	2005	3,985	653,238	320,722	4.92%	95.2%	97.1%	$ 1,257
Houston, TX	2005	568	87,531	15,357	5.58%	95.0%	96.1%	1,221
San Antonio, TX	2012	1,402	224,906	139,806	5.06%	94.6%	96.5%	1,310
Phoenix, AZ	2006	854	182,332	54,619	4.92%	95.7%	97.4%	1,296
Austin, TX	2016	276	41,700	20,000	4.75%	94.8%	96.7%	1,151
	2007	**7,085**	**$ 1,189,707**	**550,504**	**4.99%**	**95.1%**	**96.9%**	**$ 1,265**

OUTLOOK

Real Estate Fundamentals

Dallas - Fort Worth, Texas

According to CoStar, the Dallas - Fort Worth multi-family real estate market is forecasted to grow market rents by 2.3% during 2019 compared to 2018 and by 1.8% during 2020 compared to 2019. It also forecasts 2019 inventory to grow by 25,162 new suites with 23,246 suites being absorbed and 2020 inventory to grow by 17,689 new suites with 10,155 suites being absorbed.

Houston, Texas

According to CoStar, the Houston multi-family real estate market is forecasted to grow market rents by 0.8% during 2019 compared to 2018 and by 0.9% during 2020 compared to 2019. It also forecasts 2019 inventory to grow by 9,036 new suites with 12,540 suites being absorbed and 2020 inventory to grow by 11,287 new suites with 7,516 suites being absorbed.

San Antonio, Texas

According to CoStar, the San Antonio multi-family real estate market is forecasted to grow market rents by 2.9% during 2019 compared to 2018 and by 2.2% during 2020 compared to 2019. It also forecasts 2019 inventory to grow by 4,939 new suites with 6,004 suites being absorbed and 2020 inventory to grow by 4,180 new suites with 3,347 suites being absorbed.

Phoenix, Arizona

According to CoStar, the Phoenix multi-family real estate market is forecasted to grow market rents by 7.4% during 2019 compared to 2018 and by 4.8% during 2020 compared to 2019. It also forecasts 2019 inventory to grow by 8,058 new suites with 7,358 suites being absorbed and 2020 inventory to grow by 8,594 new suites with 5,815 suites being absorbed.

Austin, Texas

According to CoStar, the Austin multi-family real estate market is forecasted to grow market rents by 4.1% during 2019 compared to 2018 and by 3.0% during 2020 compared to 2019. It also forecasts 2019 inventory to grow by 7,664 new suites with 9,537 suites being absorbed and 2020 inventory to grow by 8,462 new suites with 6,815 suites being absorbed.

SECTION II

RESULTS OF OPERATIONS RECONCILIATION

"Pure Multi's interest" is a non-IFRS measure representing the accrual of property tax liability and expense, on all portfolio investments, based on time period of ownership throughout the given reporting year. Pure Multi's interest does not have any standardized meaning prescribed by IFRS.

The following tables provide a reconciliation of differences to Pure Multi-Family's consolidated financial statements prepared in accordance with IFRS to Pure Multi's interest, as described above, for the periods indicated.

Reconciliation of Consolidated Statement of Income and Comprehensive Income to Statement of Income and Comprehensive Income at Pure Multi's Interest:

Six months ended June 30, 2019 *($000's)*	Consolidated [1]	IFRIC 21 Property Tax Adjustment [2]	Pure Multi's Interest [3]
OPERATING EXPENSES			
Property taxes	$ 23,670	$ (11,860)	$ 11,810
TOTAL OPERATING EXPENSES	35,554	(11,860)	23,694
NET RENTAL INCOME (LOSS)	20,318	11,860	32,178
NET OTHER INCOME			
Fair value adjustments to investment properties	11,860	(11,860)	-
TOTAL NET OTHER INCOME	34,247	(11,860)	22,387
NET INCOME AND COMPREHENSIVE INCOME	$ 41,626	$ -	$ 41,626

Notes:

[1] *Represents amounts presented on Pure Multi-Family's consolidated statement of income and comprehensive income prepared in accordance with IFRS.*

[2] *Represents Pure Multi-Family's annual pro-rated portion of property tax expense, on its entire portfolio, that is accounted for under IFRIC 21.*

[3] *Represents amounts presented as Pure Multi's interest, as described herein.*

Six months ended June 30, 2018 *($000's)*	Consolidated [1]	IFRIC 21 Property Tax Adjustment [2]	Pure Multi's Interest [3]
OPERATING EXPENSES			
Property taxes	$ 22,584	$ (11,372)	$ 11,212
TOTAL OPERATING EXPENSES	35,217	(11,372)	23,845
NET RENTAL INCOME (LOSS)	19,255	11,372	30,627
NET OTHER INCOME (EXPENSES)			
IFRIC 21 fair value adjustment to investment properties	11,372	(11,372)	-
TOTAL NET OTHER INCOME (EXPENSES)	19,930	(11,372)	8,558
NET INCOME AND COMPREHENSIVE INCOME	$ 26,621	$ -	$ 26,621

Notes:

[1] *Represents amounts presented on Pure Multi-Family's consolidated statement of income and comprehensive income prepared in accordance with IFRS.*

[2] *Represents Pure Multi-Family's annual pro-rated portion of property tax expense, on its entire portfolio, that is accounted for under IFRIC 21.*

[3] *Represents amounts presented as Pure Multi's interest, as described herein.*

Three months ended June 30, 2019 ***($000's)***	Consolidated [1]	IFRIC 21 Property Tax Adjustment [2]	Pure Multi's Interest [3]
OPERATING EXPENSES (RECOVERIES)			
Property taxes	$ (426)	$ 6,212	$ 5,786
TOTAL OPERATING EXPENSES	5,492	6,212	11,704
NET RENTAL INCOME (LOSS)	22,585	(6,212)	16,373
NET OTHER INCOME			
Fair value adjustments to investment properties	(6,212)	6,212	-
TOTAL NET OTHER INCOME	8,068	6,212	14,280
NET INCOME AND COMPREHENSIVE INCOME	$ 24,130	$ -	$ 24,130

Notes:

[1] *Represents amounts presented on Pure Multi-Family's consolidated statement of income and comprehensive income prepared in accordance with IFRS.*

[2] *Represents Pure Multi-Family's annual pro-rated portion of property tax expense, on its entire portfolio, that is accounted for under IFRIC 21.*

[3] *Represents amounts presented as Pure Multi's interest, as described herein.*

Three months ended June 30, 2018 ***($000's)***	Consolidated [1]	IFRIC 21 Property Tax Adjustment [2]	Pure Multi's Interest [3]
OPERATING EXPENSES (RECOVERIES)			
Property taxes	$ (1,054)	$ 6,356	$ 5,302
TOTAL OPERATING EXPENSES	5,511	6,356	11,867
NET RENTAL INCOME (LOSS)	21,848	(6,356)	15,492
NET OTHER INCOME (EXPENSES)			
IFRIC 21 fair value adjustment to investment properties	(6,356)	6,356	-
TOTAL NET OTHER INCOME (EXPENSES)	(994)	6,356	5,362
NET INCOME AND COMPREHENSIVE INCOME	$ 14,563	$ -	$ 14,563

Notes:

[1] *Represents amounts presented on Pure Multi-Family's consolidated statement of income and comprehensive income prepared in accordance with IFRS.*

[2] *Represents Pure Multi-Family's annual pro-rated portion of property tax expense, on its entire portfolio, that is accounted for under IFRIC 21.*

[3] *Represents amounts presented as Pure Multi's interest, as described herein.*

RESULTS OF OPERATIONS

Pure Multi's interest ($000's, except per unit basis)	**For the three months ended June 30, 2019**	For the three months ended June 30, 2018	**For the six months ended June 30, 2019**	For the six months ended June 30, 2018
Revenues				
Rental	**$ 28,077**	$ 27,359	**$ 55,872**	**$** 54,472
Operating Expenses				
Insurance	**538**	547	**1,076**	1,086
Property taxes [(1)]	**5,786**	5,302	**11,810**	11,212
Property operating expenses	**5,380**	6,018	**10,808**	11,547
	11,704	11,867	**23,694**	23,845
Net Rental Income [(1)]	**16,373**	15,492	**32,178**	30,627
Net Finance Income (Expenses)				
Interest income	**5**	5	**18**	12
Interest expense	**(6,524)**	(6,292)	**(12,949)**	(12,568)
Distributions to subsidiary's preferred unitholders	**(4)**	(4)	**(8)**	(8)
	(6,523)	(6,291)	**(12,939)**	(12,564)
Other Income (Expenses)				
Other income (expense)	**(22)**	(79)	**(26)**	249
General and administrative	**(2,734)**	(2,545)	**(4,472)**	(4,179)
Fair value adjustments to investment properties [(1)]	**17,163**	8,115	**27,140**	12,742
Franchise taxes	**(127)**	(129)	**(255)**	(254)
	14,280	5,362	**22,387**	8,558
Net Income and Comprehensive Income	**$ 24,130**	$ 14,563	**$ 41,626**	$ 26,621
Earnings per Class A unit – basic	**$ 0.30**	$ 0.18	**$ 0.52**	$ 0.34
Weighted average number of Class A units – basic	**76,736,671**	76,731,540	**76,736,671**	76,731,227
Earnings per Class A unit – diluted	**$ 0.30**	$ 0.18	**$ 0.51**	$ 0.33
Weighted average number of Class A units – diluted	**80,761,627**	80,761,628	**80,761,627**	80,761,315
Earnings per Class B unit – basic	**$ 4.05**	$ 2.44	**$ 6.99**	$ 4.47
Weighted average number of Class B units – basic	**200,000**	200,000	**200,000**	200,000
Earnings per Class B unit – diluted	**$ 3.94**	$ 2.41	**$ 6.82**	$ 4.42
Weighted average number of Class B units – diluted	**200,000**	200,000	**200,000**	200,000

Notes:
[(1)] *Represents Pure Multi's interest, see "Results of Operations Reconciliation" for adjustments from IFRS to Pure Multi's interest.*

During the six months ended June 30, 2019, Pure Multi-Family recorded rental revenue of $55,871,978, net rental income of $32,177,684, fair value adjustments to investment properties of $27,140,262 and net income, based on Pure Multi's interest, of $41,626,310 (six months ended June 30, 2018 - $54,471,911, $30,627,488, $12,742,196 and $26,621,018, respectively). During the six months ended June 30, 2019, Pure Multi-Family incurred $4,471,890 of general and administrative expenses (six months ended June 30, 2018 - $4,179,164) and incurred franchise tax expense of $254,879 (six months ended June 30, 2018 - $254,383). The increase in revenues and net rental income, for the six months ended June 30, 2019 compared to the prior year period, is primarily attributable to same property rental revenue growth, coupled with a reduction in same property operating expenses which was partially offset by an increase in property tax expense. The increase in net income during the six months ended June 30, 2019, compared to the prior year period, is primarily due to achieving a higher net rental income margin and a fair market value increase to investment properties, driven by a decrease in capitalization rates combined with an increase net rental incomes. Included within general and administrative expenses were $449,557 of costs related to the strategic review process during the six months ended June 30, 2019 (six months ended June 30, 2018 - $856,837).

Rental Revenue

Rental revenue from investment properties includes recoveries of specified operating expenses in accordance with the terms of the lease agreements. The increase in rental revenue was primarily attributable to organic rental revenue growth experienced at the investment properties along with an increase in physical occupancy and a decrease in rental concessions, during the three and six months ended June 30, 2019 compared to the same quarter in the prior year.

Operating Expenses

Operating expenses include costs relating to such items as cleaning, repairs and maintenance, turnover costs, HVAC, property payroll, insurance, property taxes, utilities and property management fees among other items. In aggregate, operating expenses totaled $11,704,285 during the three months ended June 30, 2019 and $23,694,294 during the six months ended June 30, 2019 (the three and six months ended June 30, 2018 - $11,867,238 and 23,844,423, respectively). The decrease in operating expenses, during both periods, was primarily due to a reduction in property operating expenses which was partially offset by a small increase in property tax expense. Pure Multi-Family's operating margin during the three months ended June 30, 2019 increased to 58.3% compared to 56.6% over the same period in the prior year and increased to 57.6% from 56.2% for the six months ended June 30, 2019 over the same period in the prior year.

The following table illustrates certain operating expenses as a percentage of total operating expenses:

Pure Multi's interest	**For the three months ended June 30, 2019**	For the three months ended June 30, 2018	**For the six months ended June 30, 2019**	For the six months ended June 30, 2018
Insurance	**4.6%**	4.6%	**4.5%**	4.6%
Property taxes	**49.4%**	44.7%	**49.9%**	47.0%
Property operating expenses	**46.0%**	50.7%	**45.6%**	48.4%
	100.0%	100.0%	**100.0%**	100.0%
Net rental income margin	**58.3%**	56.6%	**57.6%**	56.2%

Finance Income

Finance income consists of interest income which was earned from bank deposits at Pure Multi-Family and the property level.

Finance Expenses

Finance expenses consist of interest expense and distributions to subsidiary's preferred unitholders (see "Financial Condition – Preferred Units of Subsidiary"). Pure Multi-Family declared distributions in the amount of $7,813 to the subsidiary's preferred unitholders during the six months ended June 30, 2019 (six months ended June 30, 2018 - $7,813).

Interest Expense

Interest expense consists of mortgage interest, convertible debenture interest, credit facility interest, lease liability interest, amortization of transaction costs and accretion of convertible debentures.

The weighted average interest rate on the mortgages is 3.79% per annum as at June 30, 2019 (December 31, 2018 - 3.75%) and the mortgages mature between 2021 and 2032 with a weighted average mortgage term of 8.0 years remaining (December 31, 2018 – 8.1 years remaining). Pure Multi-Family intends to refinance any mortgages which mature within six months of the maturity date.

General and Administrative Expenses

General and administrative ("G&A") expenses are primarily comprised of corporate compensation, directors' fees, directors' and officers' liability insurance, professional fees, legal fees, filing fees, and administrative expenses. Professional fees include audit and tax fees. Administrative expenses include US REIT compliance expenditures, investor relations expenses, bank charges, office overhead and rent.

The following table illustrates expenses as a percentage of overall general and administrative expenses:

	For the three months ended June 30, 2019	For the three months ended June 30, 2018	**For the six months ended June 30, 2019**	For the six months ended June 30, 2018
Insurance	**1.5%**	1.6%	**1.7%**	1.9%
Professional fees	**21.7%**	34.3%	**15.7%**	25.6%
Legal and filing fees	**7.8%**	8.6%	**7.0%**	7.9%
Director's fees	**3.4%**	3.2%	**4.0%**	4.9%
Administrative expenses	**65.6%**	52.3%	**71.6%**	59.7%
	100.0%	100.0%	**100.0%**	100.0%
G&A expense as a percentage of rental revenue	**9.7%**	9.3%	**8.0%**	7.7%
Adjusted G&A expense as a percentage of rental revenue (1)	**8.1%**	6.8%	**7.2%**	6.1%

Notes:
(1) *Represents G&A expense excluding costs associated with the strategic review process.*

During the three and six months ended June 30, 2019, Pure Multi-Family incurred additional G&A expenses of $449,557 and $449,557 (three and six months ended June 30, 2018 - $686,837 and $856,837, respectively) relating to a strategic review process, which was undertaken to review strategic options available to Pure Multi-Family, including the potential sale of Pure Multi-Family. G&A expenses have increased during the three and six months ended June 30, 2019, compared to the same periods in the prior year, mostly due to the hiring of additional staff at the corporate level and the roll out of a marketing campaign.

Other Income (Expenses)

Other income (expenses) includes proceeds resulting from acquisition guarantees, certain property or partnership due diligence expenses, GST/HST, current income tax expense and foreign currency exchange gains and losses.

Fair Value Adjustments to Investment Properties

Pure Multi-Family revalues its investment properties at fair value on each reporting date and records the fair value adjustments as an income or expense item. For the six months ended June 30, 2019, based on Pure Multi's interest, Pure Multi-Family recorded an increase of $27,140,262 in the fair value of its investment properties (six months ended June 30, 2018 - $12,742,196). The weighted average capitalization rate of the investment properties at June 30, 2019 was 4.99% (December 31, 2018 – 5.05%).

Income Taxes

Pure Multi-Family is not subject to tax under Part I of the *Income Tax Act* (Canada) (the "Tax Act"). Each partner (or "unitholder") of Pure Multi-Family is required to include in computing the partner's income for a particular taxation year the partner's share of the income or loss of Pure Multi-Family for its fiscal year ending in or on the partner's taxation year-end, whether or not any of that income or loss is distributed to the partner in the taxation year. Pure Multi-Family's indirect Canadian subsidiary, Pure Multi-Family Management Ltd., is a taxable Canadian corporation subject to Canadian income tax.

Franchise Taxes

Texas Franchise Tax applicable to Pure Multi-Family, for its investment properties operated in Texas during the six months ended June 30, 2019, is equal to 0.75% of the lesser of: (i) 70% of total revenue; (ii) 100% of total revenue less cost of goods sold; (iii) 100% of total revenue less compensation expense; or (iv) 100% of total revenue less $1 million. Pure Multi-Family recorded a provision for Texas Franchise Tax of $254,879 for the six months ended June 30, 2019 (six months ended June 30, 2018 - $254,383).

SEGMENTED INFORMATION

The primary format for segment reporting is based on geographical region and is consistent with the internal reporting provided to the chief operating decision-maker, determined to be the general partners. Pure Multi-Family currently operates in one business segment, indirectly owning and operating multifamily apartment properties in the Sunbelt region in the United States.

FINANCIAL CONDITION

Assets

Investment Properties

Investment properties are stated at fair value. Fair value adjustments to investment properties arising from changes in fair value are included in the consolidated statement of income and comprehensive income in the period which they arise. As at June 30, 2019, investment properties were valued at $1,189,707,484 (December 31, 2018 - $1,157,615,896). The increase in the fair value of the investment properties was primarily driven by an increase in net rental income and a decrease in capitalization rates at certain properties.

The investment properties are pledged as security against the mortgages payable and credit facility.

Prepaid Expenses

Prepaid expenses primarily consist of insurance and utility deposits.

Mortgage Reserve Fund

The mortgage reserve fund consists of cash on deposit requested by the lenders to be retained in escrow to pay for any repairs to the properties and certain costs. These funds will be released to pay the respective obligations once certain conditions are met, such as completion of repairs. As at June 30, 2019, the term for the current mortgage reserve fund is less than 12 months. The mortgage reserve fund is $4,566,029 as at June 30, 2019 (December 31, 2018 - $7,322,383).

Liabilities

The LP Agreement limits the indebtedness of Pure Multi-Family to a maximum of 70% of gross book value. See "Capital Structure" for the definition of "gross book value". Indebtedness is 51.6% of the gross book value as at June 30, 2019 (December 31, 2018 – 52.6%).

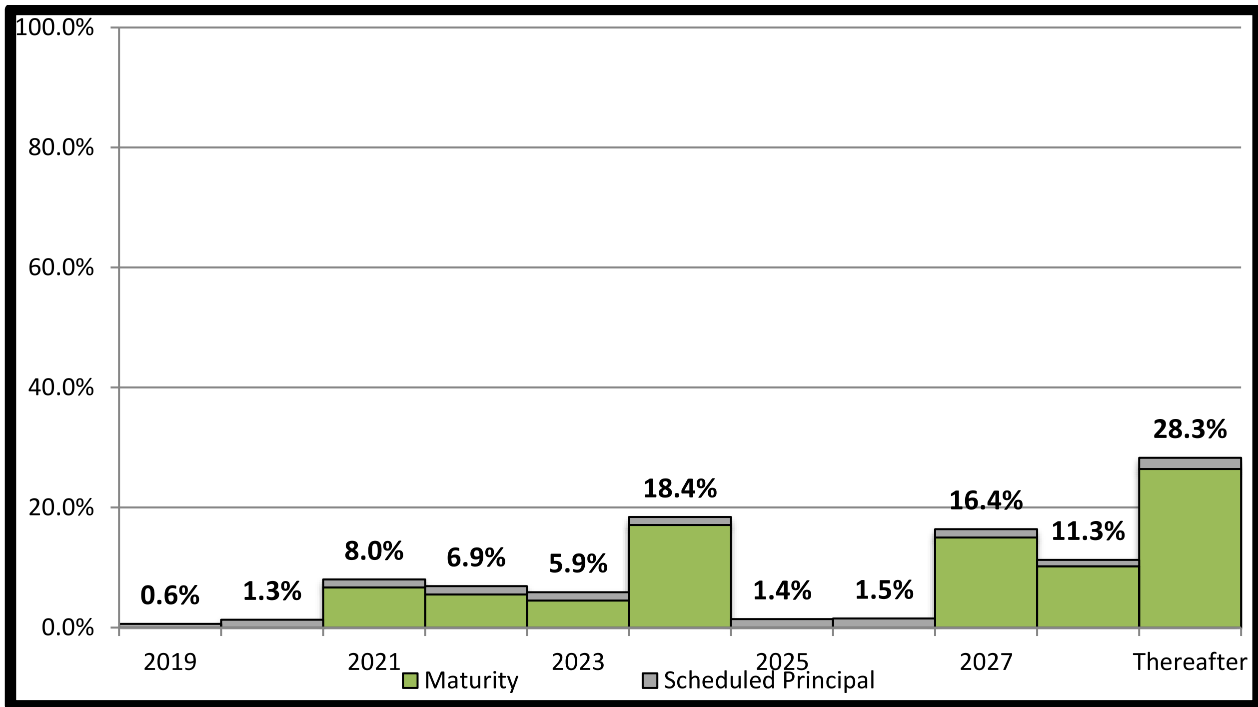
Mortgages Payable

The mortgages bear interest at a weighted average effective rate of 3.79% per annum as at June 30, 2019 (December 31, 2018 – 3.75%) and mature between 2019 and 2032.

The scheduled principal payments, principal maturities and weighted average effective rate are as follows:

June 30, 2019 *($000's, except percentage amounts)*	**Weighted Average Effective Rate (on expiry)**	**Scheduled Principal Repayments**	**Principal Maturities**	**Total Repayments**
2019 remaining	-	3,281	-	3,281
2020	-	7,017	-	7,017
2021	3.26%	7,224	37,060	44,284
2022	3.38%	7,483	30,180	37,663
2023	4.32%	7,681	24,679	32,360
2024	3.84%	7,414	93,992	101,406
2025	-	7,528	-	7,528
2026	-	8,120	-	8,120
2027	3.83%	7,799	82,425	90,224
2028	3.60%	6,149	56,337	62,486
Thereafter	3.91%	10,436	145,699	156,135
	3.79%	$ 80,132	$ 470,372	$ 550,504
Unamortized mortgage transaction costs				(4,087)
				$ 546,417

The following chart shows the remaining scheduled principal payments and principal maturities of the mortgages due within the next 10 years and thereafter:



Credit Facility

On November 28, 2017, Pure Multi-Family entered into a secured revolving credit agreement (the "Facility"), through the US REIT, with a total commitment available of up to $50,000,000. On April 1, 2019, Pure Multi-Family increased the available commitment to $70,000,000 and renewed the 3-year contract term of the Facility, maturing on April 1, 2022. The Facility is secured by the Fillmore property located in Phoenix, Arizona and the Walker Commons property located in Houston, Texas.

The contract period is 3 years and interest is calculated using the effective interest rate, which was 4.25% for the six months ended June 30, 2019 (year ended December 31, 2018 – 4.13%). Amounts drawn under the Facility bear interest at a variable rate equal to: (i) LIBOR plus a margin ranging from 1.55% to 2.20% per annum, or (ii) a base rate plus a margin ranging from 0.55% to 1.20% per annum. As at June 30, 2019, a balance of $56,000,000 was outstanding (December 31, 2018 - $27,000,000).

The following summarizes the face and carrying values of the Facility:

(000's)		**Face Value**		**Carrying Value**
Balance as at December 31, 2018	$	27,000	$	26,844
Credit facility draws		29,000		29,000
Credit facility financing costs		-		(276)
Amortization of transaction costs		-		55
Balance as at June 30, 2019	$	56,000	$	55,623
Balance as at December 31, 2017	$	26,000	$	25,762
Credit facility draws		1,000		1,000
Amortization of transaction costs		-		82
Balance as at December 31, 2018	$	27,000	$	26,844

Leases

Right-of-use Asset and Lease Liability

The application of IFRS 16 requires Pure Multi-Family to make judgements that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include determining that a contract is in the scope of IFRS 16, determining the contract term, and determining the interest rate used for discounting of future cash flows.

A review of the operating leases in place was performed. For leases with terms not exceeding twelve months and for leases of low-value assets, Pure Multi-Family exercised the optional application exemptions under IFRS 16. The lease payments under these contracts are generally recognized on a straight-line basis over the lease term as an operating expense, the value of which is nominal.

In all other leases in which Pure Multi-Family acts as a lessee, the present value of future lease payments is recognized as a financial liability. Lease payments are split into principal and interest portions using the effective interest rate method.

As at the date of transition on January 1, 2019, Pure Multi-Family identified one lease agreement to be recorded in accordance with IFRS 16. Pure Multi-Family is party to an existing operating lease agreement, expiring in 2025, for the lease of its US REIT corporate office, located in Plano, Texas. The lease is recognized, measured and presented in accordance with IFRS 16 - *Leases*.

Valuation of right-of-use asset and lease liability

The lease term determined by Pure Multi-Family comprises the non-cancellable period of the lease contract beginning January 1, 2019 and terminating at the end of the set term of the contract. The same economic useful life is applied to determine the depreciation rate of the right-of-use asset and the interest expense on the lease liability.

The lease liability is initially measured at the present value of the remaining lease payments from the transition date of January 1, 2019, payable over the lease term, and discounted at Pure Multi Family's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there are changes in specific criteria including the lease term.

The following table provides a reconciliation of the lease pursuant to IFRS 16:

Operating lease commitments, as at December 31, 2018	$	1,426
Less: Non-lease components per IFRS16		628
Lease liability, balance as at December 31, 2018		798
Discounted using incremental borrowing rate at January 1, 2019		4.05%
Finance lease liability recognized as at January 1, 2019	$	708

The lease liability was initially valued at $708,468 using the incremental borrowing rate of 4.05% p.a. as at January 1,2019. In accordance with IFRS 16, using the modified retrospective approach, an adjustment was made on January 1, 2019 to recognize the lease liability and the accompanying right-of-use asset for the same amount.

	Right-of-Use Asset		Lease Liability		Impact on Equity	
Balance as at January 1, 2019	$	708	$	(708)	$	-
Depreciation – right of use asset		(57)		-		57
Lease liability accretion		-		47		(47)
Balance as at June 30, 2019	**$**	**651**	**$**	**(661)**	**$**	**10**

Depreciation on the right-of-use asset is included within general and administrative expense in the statement of income and comprehensive income.

There were no leases in the scope of IFRS 16 not yet commenced, to which Pure Multi-Family is committed.

Convertible Debentures

On August 7, 2013, Pure Multi-Family issued 23,000 6.5% convertible unsecured subordinated debentures (the "Debentures" or each a "6.5% convertible debenture") at a price of $1,000 per 6.5% convertible debenture, for gross proceeds of $23,000,000. The Debentures mature on September 30, 2020 and are convertible at the holder's option at any time into Class A Units at a conversion price of $5.65 per Class A Unit, in accordance with the terms of the trust indenture dated August 7, 2013. After September 30, 2018, the Debentures may be redeemed by Pure Multi-Family at any time.

During the six months ended June 30, 2019, none of the originally issued 23,000 Debentures were converted into Class A Units (December 31, 2018 – 39 converted into Class A Units). At June 30, 2019, $22,741,000 of the face value of the Debentures were outstanding.

The following summarizes the face and carrying values of the Debentures:

($000's)	Convertible Debentures Face Value	Liability Component Carrying Value	Equity Component Carrying Value
Balance as at December 31, 2018	$ 22,741	$ 21,642	$ 1,961
Amortization of transaction costs	-	103	-
Accretion of liability component	-	194	-
Balance as at June 30, 2019	$ 22,741	$ 21,939	$ 1,961
Balance as at December 31, 2017	$ 22,780	$ 21,115	$ 1,965
Conversion of convertible debenture	(39)	(35)	(4)
Amortization of transaction costs	-	195	-
Accretion of liability component	-	367	-
Balance as at December 31, 2018	$ 22,741	$ 21,642	$ 1,961

Preferred Units of Subsidiary

During the year ended December 31, 2013, the US REIT issued 125 preferred units at $1,000 per preferred unit for gross proceeds of $125,000. On consolidation, the preferred units of the US REIT are reflected as a liability of Pure Multi-Family.

The preferred units are non-voting preferred units. Unitholders holding preferred units are entitled to receive dividends from the US REIT at a per annum rate equal to 12.5%, payable on June 30 and December 31 of each year. Unitholders holding preferred units will be allocated such return in priority to any allocations or distributions to all other classes and series of units of the US REIT. However, after payment of such return to unitholders holding preferred units, preferred unitholders are not otherwise entitled to share in the income of the US REIT.

The US REIT may redeem the preferred units at any time, for a price equal to $1,000 per preferred unit, plus accrued and unpaid distributions.

Due to the fixed distributions and preferred treatment for preferred units, they meet the definition of a liability. In addition, the Board does not presently intend to redeem any preferred units within the next year in the ordinary course. Thus, the preferred units are classified as non-current liabilities.

Deferred Compensation

Deferred Unit Plan Liability

The value of the deferred units (each a "Deferred Unit"), including distribution deferred units, is recognized as Director compensation expense in the period coinciding with the Directors' service period to which the grants relate. The Deferred Units are measured at fair value each reporting period and the change in fair value is recognized as an expense (when Pure Multi-Family's Class A Unit price increases) or gain (when Pure Multi-Family's Class A Unit price decreases) to compensation expense. For the three and six months ended June 30, 2019, $27,283 and $55,037, respectively, in compensation expense (three and six months ended June 30, 2018 - $28,400 and $60,240, respectively), is included within G&A expenses.

($000's, except unit amounts)	Deferred Unit Plan Units		Carrying Value
Balance as at December 31, 2018	17,817	$	115
Granting of units	7,323		50
Distribution units	576		4
Fair value adjustment	-		1
Balance as at June 30, 2019	**25,716**	**$**	**170**
Balance as at December 31, 2017	-	$	-
Granting of units	17,421		111
Distribution units	396		3
Fair value adjustment	-		1
Balance as at December 31, 2018	**17,817**	**$**	**115**

Restricted Unit Plan

Grant and Redemption of Restricted Units and Distribution Restricted Units

During the six months ended June 30, 2019, certain employees were granted an aggregate of 87,603 restricted units (each a "Restricted Unit") at an average price of $6.00 (CDN $8.23) per Restricted Unit to be vested over a three year period (year ended December 31, 2018 - 71,319 Restricted Units at an average price of $7.27 (CDN$9.17) per Restricted Unit were granted). As at June 30, 2019, no Restricted Units or distribution restricted units were eligible for redemption.

Valuation

The Restricted Units and distribution restricted units are measured at fair value each reporting period and the change in fair value is recognized as an expense (when Pure Multi-Family's unit price increases) or a gain (when Pure Multi-Family's unit price decreases) to compensation expense. For the three and six months ended June 30, 2019, $127,943 and $217,353, respectively in compensation expense (three and six months ended June 30, 2018 - $31,223 and $31,223, respectively), is included within G&A expenses in relation to the grant of Restricted Units and the associated distribution restricted units recognized as at June 30, 2019.

($000's, except unit amounts)	Restricted Unit Plan Units		Carrying Value
Balance as at December 31, 2018	18,557	$	113
Granting of units	24,054		159
Distribution units	4,270		28
Fair value adjustment	-		30
Balance as at June 30, 2019	**46,881**	**$**	**330**
Balance as at December 31, 2017	-	$	-
Granting of units	15,848		115
Distribution units	2,709		18
Fair value adjustment	-		(20)
Balance as at December 31, 2018	**18,557**	**$**	**113**

In determining the fair value of the restricted unit plan liability at each reporting period, the closing price of the Class A Units is used to value the total Restricted Units and distribution restricted units outstanding. In addition, Pure Multi-Family determines whether the performance criteria or performance factor, as applicable, will be met for each grant, and used the following weighted average assumptions in the determination of the fair value:

Distribution per Class A Unit, per month	$	0.03125
Closing Class A Unit price as at June 30, 2019	$	7.36

Included in compensation expense for the three and six months ended June 30, 2019 is a fair value expense of $25,546 and $30,093, respectively, (three and six months ended June 30, 2018 – gain of $2,059 and $2,059, respectively) relating to the Restricted Units and distribution restricted units.

Partners' Capital

Class A Units and Class B Units

The capital of Pure Multi-Family consists of an unlimited number of Class A Units and Class B units (each a "Class B Unit") and the interest held by the Governing GP. Except as set out in the LP Agreement, no Class A Unit or Class B Unit has any preference or priority over another. The Governing GP has made a capital contribution of $20 to Pure Multi-Family and has no further obligation to contribute capital.

On May 30, 2012, the Managing LP subscribed for 200,000 Class B Units of Pure Multi-Family, at a price of $5.00 per Class B Unit, for gross proceeds to Pure Multi-Family of $1,000,000. As of the date hereof, Pure Multi-Family has 200,000 Class B Units outstanding.

From the date of formation on May 8, 2012, to December 31, 2018, Pure Multi-Family has issued 76,736,671 Class A Units for gross proceeds of $424,366,746 less offering costs. The Class A Units are the subject of the public offerings described in Pure Multi-Family's prospectuses dated July 3, 2012, October 12, 2012, May 1, 2013, July 22, 2014, May 4, 2015, December 7, 2015, July 22, 2016, March 31, 2017 and June 26, 2017, which are available on SEDAR at www.sedar.com.

	2019	2018
Class A Units outstanding, beginning of year	**76,736,671**	76,729,771
Class A Units issued, debentures converted	**-**	6,900
Class A Units outstanding, end of period	**76,736,671**	76,736,671

As at June 30, 2019, Pure Multi-Family had 76,736,671 Class A Units and 200,000 Class B Units outstanding.

All distributions will be made to the holders of the Class A Units and the Class B Units in accordance with the Class A Unit Percentage Interest and Class B Unit Percentage Interest, respectively. After the Determination Event (as defined in the LP Agreement), which occurred on August 12, 2016, the Class B unitholders' (each, a "Class B Unitholders") proportion of the total distribution will fluctuate depending on the number of Class A Units outstanding. For the six months ended June 30, 2019, 3.36% of net income was allocated to the Class B Units (six months ended June 30, 2018 – 3.36%).

Class B Units – Conversion Rights

Following the occurrence of the Determination Event, the number of Class A Units to which the Class B Unitholder is entitled upon exercising Conversion Rights (as defined in the LP Agreement) became fixed, and future issuances of Class A Units will result in a decline in the Class B Unit Percentage Interest. Upon the Determination Event, which occurred on August 12, 2016, the number of Class A Units into which the Class B Units may be converted was fixed at 2,665,835 Class A Units.

The Conversion Rights may be exercised by the Class B Unitholders at any time provided that:

(a) Pure Multi-Family is legally entitled to comply with its obligations in connection with the exercise of the Conversion Rights; and

(b) the Class B Unitholder who exercises the Conversion Rights complies with all applicable securities laws.

Upon the exercise of the Conversion Rights, the Class B Unitholders will receive 2,665,835 Class A Units. As such, pursuant to the terms of the LP Agreement, the Class B Unitholders will receive such number of Class A Units representing the same Class B Unit Percentage Interest in the net assets of Pure Multi-Family as was previously designated in the form of Class B Units. Subject to applicable laws, Pure Multi-Family will re-designate the interests of Class B Unitholders into 2,665,835 Class A Units, effective as of the date that Pure Multi-Family receives a notice of exercise of the Conversion Rights. Upon such occurrence and the exercise of the Conversion Rights by the Class B Unitholders, the interests of Class B Unitholders will be re-designated as Class A Units pursuant to the terms of the LP Agreement.

Normal Course Issuer Bid

In September 2017, Pure Multi-Family received approval from the TSX Venture Exchange ("TSX-V") to commence a normal course issuer bid ("NCIB"), allowing for the purchase for cancellation of up to 1,000,000 Class A Units. The NCIB commenced on October 3, 2017 and expired on October 2, 2018. Pure Multi-Family did not purchase any Class A Units under this NCIB.

In November 2018, Pure Multi-Family received approval from the TSX-V to commence a NCIB, allowing for the purchase for cancellation of up to 1,500,000 Class A Units. The NCIB commenced on November 20, 2018 and expires on November 19, 2019, or such earlier date as Pure Multi-Family completes its purchases pursuant to the NCIB. On April 29, 2019, Pure Multi-Family commenced trading on the Toronto Stock Exchange ("TSX") and simultaneously received approval on its NCIB by the TSX. Purchases subject to this NCIB will be carried out pursuant to open market transactions through the facilities of the TSX and other Canadian marketplaces by CIBC on behalf of Pure Multi-Family in accordance with applicable regulatory requirements. All Class A Units purchased by Pure Multi-Family under the NCIB will be returned to treasury and cancelled. During the six months ended June 30, 2019, Pure Multi-Family did not purchase any Class A Units under this NCIB.

LIQUIDITY AND CAPITAL RESOURCES

Funds from Operations and Adjusted Funds from Operations

Funds from operations ("FFO") is a non-IFRS measure, as described herein, and should not be construed as an alternative to net earnings or cash flows, as applicable, determined in accordance with IFRS. However, FFO is an operating performance measure which is widely used by the real estate industry. Pure Multi-Family's method of calculating FFO may differ from other companies and accordingly may not be comparable to similar measures presented by other companies.

The use of FFO, combined with the required IFRS presentations, has been presented for the purpose of improving the understanding of operating results in the real estate industry by the investing public and in making comparisons of the entities operating results more meaningful.

As FFO excludes fair value adjustments on investment properties, fair value adjustments relating to unit compensation liabilities, IFRIC 21 adjustments, and gains or losses from property dispositions, it provides a performance measure that, when compared period-over-period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes; acquisition activities; and interest costs, and provides a perspective of financial performance that is not immediately apparent from net earnings determined in accordance with IFRS.

FFO is a widely accepted supplemental measure of financial performance for real estate entities; however, it does not represent amounts available for capital programs, debt service obligations, commitments or uncertainties. FFO should not be interpreted as an indicator of cash generated from operating activities and is not indicative of cash available to fund operating expenditures, or for the payment of cash distributions. FFO is simply one of several measures of operating performance.

Pure Multi-Family's reported FFO is consistent with the REALPAC definition of FFO.

Adjusted funds from operations ("AFFO") is also a non-IFRS measure, as described herein, and should not be construed as an alternative to net earnings or cash flows, as applicable, determined in accordance with IFRS. However, AFFO is widely accepted as a performance measurement tool in the real estate industry. AFFO is calculated by adjusting the FFO for accretion of debentures and maintenance capital expenditures. Pure Multi-Family's method of calculating AFFO may differ from other companies and accordingly may not be comparable to similar measures presented by other companies. Pure Multi-Family presents AFFO as a cash flow measure.

Pure Multi-Family's reported AFFO is consistent with the REALPAC definition of AFFO, except for the add-back of certain non-cash costs associated with the convertible debentures. These non-cash costs represent the accretion of the book value to the face value of the outstanding convertible debentures. Pure Multi-Family is in the view that this non-cash item, has no impact on its operations and therefore should not be included in its reported AFFO.

The following table provides the analysis of Pure Multi-Family's FFO and AFFO performance:

($000's, except per unit basis)	**For the three months ended June 30, 2019**	For the three months ended June 30, 2018	**For the six months ended June 30, 2019**	For the six months ended June 30, 2018
Net income and comprehensive income	**$ 24,130**	$ 14,563	**$ 41,626**	$ 26,621
Adjustment:				
Fair value adjustment to investment properties	**(17,163)**	(8,115)	**(27,140)**	(12,742)
IFRIC 21 fair value adjustment to investment properties	**6,212**	6,356	**(11,860)**	(11,372)
FRIC 21 property tax liability adjustment, net	**(6,212)**	(6,356)	**11,860**	11,372
Fair value adjustment to unit-based compensation expense	**25**	(2)	**30**	(2)
Funds from operations	**$ 6,992**	$ 6,446	**$ 14,516**	$ 13,877
Maintenance capital provision [(1)]	**(531)**	(531)	**(1,063)**	(1,063)
Accretion of convertible debentures	**97**	90	**194**	180
Adjusted funds from operations	**$ 6,558**	$ 6,005	**$ 13,647**	$ 12,994
Weighted average number of units *(000's)*				
Class A Units	**76,737**	76,732	**76,737**	76,731
Class B Units	**200**	200	**200**	200
Diluted weighted average number of units *(000's)*				
Class A Units	**80,762**	80,762	**80,762**	80,761
Class B Units	**200**	200	**200**	200
FFO per unit – Basic and Diluted				
Class A Units	**$ 0.09**	$ 0.08	**$ 0.18**	$ 0.17
Class B Units	**1.17**	1.08	**2.44**	2.33
Payout Ratio on FFO [(2)]	**106.5%**	115.5%	**102.6%**	107.3%
AFFO per unit – Basic and Diluted				
Class A Units	**$ 0.08**	$ 0.08	**$ 0.17**	$ 0.16
Class B Units	**1.10**	1.01	**2.29**	2.18
Payout Ratio on AFFO [(3)]	**113.5%**	124.0%	**109.1%**	114.6%

Notes:

(1) *Calculated using an estimate of $300 per residential unit per year. This maintenance capital provision is estimated to be incurred on the property portfolio to sustain its current revenue rental income-generating potential into future periods. See "Liquidity and Capital Resources – Calculating Maintenance Capital Provision for AFFO".*

(2) *The resulting FFO payout ratios, when excluding the additional G&A expenditures incurred relating to the Strategic Review Process (see "Results of Operations – General and Administrative Expenses"), for the three months ended June 30, 2019 was 100.0% and for the six months ended June 30, 2019 was 99.5% (for the three and six months ended June 30, 2018, 104.4% and 101.0%, respectively).*

(3) *The resulting AFFO payout ratios, when excluding the additional G&A expenditures incurred relating to the Strategic Review Process (see "Results of Operations – General and Administrative Expenses"), for the three months ended June 30, 2019 was 106.2% and for the six months ended June 30, 2019 was 105.6% (for the three and six months ended June 30, 2018, 111.2% and 107.5%, respectively).*

Calculating Maintenance Capital Provision for AFFO

In Q1 2017, REALPAC issued updated guidance on maintenance capital expenditures to be used in the calculation of AFFO. As a high degree of significant judgement is involved in classifying capital expenditures as value enhancing or maintenance capital, Pure Multi-Family historically has applied a maintenance capital provision of $300 per residential unit per annum, which is based on management's experience and the location of former and current investment properties. The $300 maintenance capital provision includes capital expenditures incurred at the investment properties, in-suite or common area, which are required to maintain revenues at current levels and maintain the residential suites and apartment facilities in current operating conditions. Value enhancing capital expenditures include items such as in-suite upgrades and building enhancements that management believes will grow the investment property net rental income.

The following table provides Pure Multi-Family's total capital expenditures attributable to value enhancing and maintenance capital for each of the last three fiscal years:

	For the year ended December 31,		
($000's, except per percent and residential unit basis)	**2018**	**2017**	**2016**
Value enhancing capital expenditures	$ 3,300	$ 3,052	$ 2,393
Maintenance capital expenditures	2,126	1,870	1,540
Total capital expenditures	$ 5,426	$ 4,922	$ 3,933
Maintenance capital - % of total capital	39%	38%	39%
Portfolio average year of construction	2007	2007	2006
# of residential units (1)	7,085	6,233	5,132
Maintenance capital expenditures per residential unit	$ 300	$ 300	$ 300
Value enhancing capital expenditures per residential unit	$ 466	$ 490	$ 466

Notes:
(1) *Weighted average number of residential units within the portfolio during the year.*

Management is of the view that the maintenance capital provision of $300 per residential unit per annum is an appropriate provision to use in the calculation of AFFO, as it fairly represents the amount of maintenance capital required to maintain the current revenues and condition of the investment properties, based on the location and year of construction of such properties. As presented in the table above, the "Maintenance capital - % of total capital" has remained consistent over the prior three years. This is primarily the result of the steps taken to improve the portfolio's average year of construction. As newly constructed properties require less maintenance capital to keep them in current condition, it would be expected that the trend of "Maintenance capital - % of total capital" will decrease as the "Portfolio average year of construction" continues to improve. Management will continue to monitor the maintenance capital provision currently being applied and adjust as necessary to reflect any changes as new locations are added where the portfolio operates and to any changes in the portfolio average year of construction.

The following is a reconciliation of the Pure Multi-Family's AFFO and FFO to cash provided by operations:

($000's)	**For the three months ended June 30, 2019**	For the three months ended June 30, 2018	**For the six months ended June 30, 2019**	For the six months ended June 30, 2018
Adjusted funds from operations	**$ 6,558**	$ 6,005	**$ 13,647**	$ 12,994
Maintenance capital provision	**531**	531	**1,063**	1,063
Accretion of convertible debentures	**(97)**	(90)	**(194)**	(180)
Funds from operations	**6,992**	6,446	**14,516**	13,877
Decrease in accounts receivable	**291**	111	**391**	753
Decrease in prepaid expenses	**663**	739	**1,338**	1,334
Increase (decrease) in rental deposits	**(30)**	22	**26**	(41)
Increase in accounts payable and accrued liabilities	**328**	(448)	**5,546**	4,752
Increase in other liabilities	**155**	31	**272**	31
Increase in unearned revenue	**(120)**	(102)	**171**	171
IFRIC 21 property tax liability adjustment, net	**6,212**	6,356	**(11,860)**	(11,372)
Accretion of convertible debentures	**97**	90	**194**	180
Amortization of transaction costs and depreciation of right-of-use asset	**263**	200	**499**	397
Interest income	**(5)**	(5)	**(18)**	(12)
Interest expense	**6,192**	6,002	**12,312**	11,991
Fair value adjustment to unit-based compensation expense	**(25)**	2	**(30)**	2
Distributions to subsidiary's preferred unitholders	**4**	4	**8**	8
Net cash provided from operating activities	**$ 21,017**	$ 19,448	**$ 23,365**	$ 22,071

Capital Resources

Cash generated by investment properties represents the primary source of funds to fund total distributions to unitholders of $14,887,970 for the six months ended June 30, 2019 (six months ended June 30, 2018 - $14,886,953).

There are no significant working capital requirements that currently exist and there are no pending items that may affect liquidity. There are no legal or practical restrictions on the ability of Pure Multi-Family's properties to transfer funds to Pure Multi-Family.

Proceeds from the issuance of Class A Units, the issuance of Dentures debentures, the availability of the Facility and conventional mortgage financing have been used mainly to fund property acquisitions. Pure Multi-Family intends to refinance any mortgages which mature within six months of maturity.

Management expects to be able to meet all of Pure Multi-Family's ongoing obligations and to finance future growth through cash generated by operations, the issuance of securities and debt financing. Pure Multi-Family is not in default or arrears on any of its obligations including distribution payments, interest or principal payments on debt.

Distributed Cash

In accordance with National Instrument 41-201, Pure Multi-Family is required to provide additional disclosure relating to cash distributions.

For the six months June 30, 2019, cash provided from operating activities, less interest paid ("adjusted cash provided from operating activities"), was less than cash distributions declared primarily due to the timing of the payment of prior year property taxes. This shortfall in cash was financed through funds available in Pure Multi-Family's bank accounts. Management expects that adjusted cash provided from operating activities, on an annual basis, will continue to exceed cash distributions declared.

Pure Multi's interest *($000's)*	**For the three months ended June 30, 2019**	For the three months ended June 30, 2018	**For the six months ended June 30, 2019**	For the six months ended June 30, 2018
Cash provided from operating activities	**$ 21,017**	$ 19,448	**$ 23,365**	$ 22,071
Less interest paid	**(5,924)**	(6,013)	**(12,274)**	(11,884)
Adjusted cash provided from operating activities	**15,093**	13,435	**11,091**	10,187
Actual cash distributions declared	**7,444**	7,444	**14,888**	14,887
Surplus (shortfall) of cash from operating activities over cash distributions declared	**$ 7,649**	$ 5,991	**$ (3,797)**	$ (4,700)

CAPITAL STRUCTURE

Pure Multi-Family defines capital as the aggregate of partners' capital, preferred units of subsidiary and long-term debt. Pure Multi-Family's objectives in managing capital are to maintain a level of capital that complies with investment and debt restrictions pursuant to the initial offering prospectus; complies with existing debt covenants, if any; funds its business strategies; and builds long-term partners' value. Pure Multi-Family's capital structure is approved by the Board of the Governing GP through its periodic reviews.

The LP Agreement provides for a maximum indebtedness level of up to 70% of the gross book value. The term "indebtedness" means any obligation of Pure Multi-Family for borrowed money (including the face amount outstanding under any convertible debentures and any outstanding liabilities of Pure Multi-Family arising from the issuance of subordinated notes, but excluding any premium in respect of indebtedness assumed by Pure Multi-Family for which Pure Multi-Family has the benefit of an interest rate subsidy), but excludes trade accounts payable, distributions payable to unitholders, preferred units of subsidiary, accrued liabilities arising in the ordinary course of business and short-term acquisition credit facilities. The LP Agreement defines "gross book value" as the book value of the assets of Pure Multi-Family plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets), the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by Pure Multi-Family. Pure Multi-Family's indebtedness is 51.6% as at June 30, 2019 (December 31, 2018 – 52.6%). Pure Multi-Family was in compliance with all of its investment and debt restrictions during the six months ended June 30, 2019 and the year ended December 31, 2018.

Maintaining a relatively low indebtedness ratio is important in current economic conditions because it allows Pure Multi-Family to access additional financing, if necessary.

The LP Agreement allows the Board, in their discretion, to allocate to the unitholders in each year all or a portion of Pure Multi-Family's income for the year, as calculated in accordance with the Tax Act, after all permitted deductions under the Tax Act have been taken. The Board also reviews the cash distributions paid to the unitholders on a regular basis. Pure Multi-Family declared distributions in the amount of $14,388,126 to Class A Unitholders and $499,844 to Class B Unitholders during the six months ended June 30, 2019 (six months ended June 30, 2018 - $14,387,109 and $499,844 respectively).

The capital structure consisted of the following components at June 30, 2019 and December 31, 2018:

($000's)	**June 30, 2019**	December 31, 2018	Change
Capital			
Mortgages payable	**$ 546,417**	$ 577,486	$ (31,069)
Credit facility	**55,623**	26,844	28,779
Convertible debentures	**21,939**	21,642	297
Preferred units of subsidiary	**125**	125	-
Partners' capital	**561,632**	534,894	26,738
Total Capital	**$ 1,185,736**	$ 1,160,991	$ 24,745

The total capital of Pure Multi-Family increased from December 31, 2018 to June 30, 2019 primarily due to the net income earned from operations. This was partially offset by distributions declared to the unitholders and the repayment of mortgage principal amounts.

FINANCIAL INSTRUMENTS

For certain of Pure Multi-Family's financial instruments, including cash and cash equivalents, amounts receivable, mortgage reserve fund, and accounts payable and accrued liabilities, the carrying amounts approximate the fair values due to the short-term nature of the instruments.

The fair values of the mortgages payable and preferred units of subsidiary and lease liability have been calculated based on discounted future cash flows using discount rates that reflect current market conditions for instruments having similar terms and conditions. Discount rates are either provided by lenders or are observable in the open market. The fair value of the convertible debentures, deferred unit plan and the restricted unit plan have been calculated using quoted prices in active markets.

The following table presents, where different, the carrying amount and fair value of Pure Multi-Family's financial instruments:

	June 30, 2019		December 31, 2018	
($000's)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Mortgages payable	**$ 546,417**	**$ 493,916**	$ 577,486	$ 521,720
Credit facility	**55,623**	**56,000**	26,844	27,000
Convertible debentures	**21,939**	**29,427**	21,642	24,560

OFF-BALANCE SHEET ITEMS

Pure Multi-Family does not have any off-balance sheet items.

SECTION III

SUMMARY OF QUARTERLY RESULTS

During the three months ended June 30, 2019, based on Pure Multi's interest:

- Total assets increased to $1,210,527,011 at June 30, 2019 from $1,187,701,349 at March 31, 2019. This increase was primarily due to an increase in cash and cash equivalents and mortgage reserve fund, as well as an increase in the fair value of investment properties. As at June 30, 2019, Pure Multi-Family had cash and cash equivalents of $13,526,572, and investment properties of $1,189,707,484 compared to $11,196,866 and $1,169,949,043, respectively, as at March 31, 2019.

- Total liabilities increased to $648,894,759 at June 30, 2019 from $642,754,975 at March 31, 2019. This increase was primarily due to an increase in accounts payable related to property tax accruals.

- Partners' capital increased to $561,632,252 at June 30, 2019 from $544,946,374 at March 31, 2019. This increase was a result of net income earned, which was offset by distributions declared to unitholders in the period.

- Pure Multi-Family earned rental revenue of $28,077,044 from investment properties (three months ended June 30, 2018 - $27,358,851). These properties incurred operating expenses, based on Pure Multi's interest, of $11,704,285 resulting in net rental income, based on Pure Multi's interest, of $16,372,759 during the three months ended June 30, 2019 (three months ended June 30, 2018 - $11,867,328 and $15,491,523, respectively). The increase in rental revenue, decrease in operating expenses and increase in net rental income, compared to the same quarter in the prior year, are primarily attributable to organic rental revenue growth and a small overall reduction in property operating expenses.

- Pure Multi-Family incurred interest expense of $6,523,814 and distributions to subsidiary's preferred unitholders of $3,907 (three months ended June 30, 2018 - $6,291,976 and $3,907, respectively). The increase in net finance expense was primarily due to an increase in the variable interest rate on the credit facility.

- Pure Multi-Family incurred G&A expenses of $2,733,774, fair value increase to investment properties of $17,163,158 and franchise tax expense of $127,143 (three months ended June 30, 2018 - $2,544,834, $8,114,728 and $129,051, respectively). G&A expenses increased over the same period in the prior year primarily due the hiring of additional employees at its Plano, Texas corporate office.

- Pure Multi-Family earned net income of $24,129,863 (three months ended June 30, 2018 - $14,562,505).

Pure Multi's interest Quarter ended *($000's, except per unit amounts)*	**June 30, 2019**	March 31, 2019	December 31, 2018	September 30, 2018
Rental revenue	**$ 28,077**	$ 27,795	$ 27,600	$ 27,540
Operating expenses	**11,704**	11,990	11,844	12,892
Net rental income	**16,373**	15,805	15,756	14,648
Interest expense	**(6,524)**	(6,425)	(6,711)	(6,333)
General and administrative expenses	**(2,734)**	(1,738)	(1,604)	(2,208)
Fair value adjustments to investment properties	**17,163**	9,977	2,802	3,144
Net income and comprehensive income	**24,130**	17,496	10,156	9,248
Basic net income per Class A Unit	**0.30**	0.22	0.13	0.12
Diluted net income per Class A Unit	**0.30**	0.22	0.13	0.12
Basic net income per Class B Unit	**4.05**	2.94	1.71	1.55
Diluted net income per Class B Unit	**3.94**	2.88	1.71	1.55

Pure Multi's interest Quarter ended *($000's, except per unit amounts)*	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Rental revenue	$ 27,359	$ 27,113	$ 26,200	$ 24,257
Operating expenses	11,867	11,977	11,124	11,888
Net rental income	15,492	15,136	15,076	12,369
Interest expense	(6,292)	(6,277)	(6,171)	(5,704)
General and administrative expenses	(2,545)	(1,634)	(1,683)	(1,645)
Fair value adjustments to investment properties	8,115	4,628	(4,448)	1,730
Net income and comprehensive income	14,563	12,059	3,078	6,668
Basic net income per Class A Unit	0.18	0.15	0.04	0.08
Diluted net income per Class A Unit	0.18	0.15	0.04	0.08
Basic net income per Class B Unit	2.44	2.02	0.52	1.12
Diluted net income per Class B Unit	2.41	2.01	0.52	1.12

As at *($000's)*	**June 30, 2019**	March 31, 2019	December 31, 2018	September 30, 2018
Total assets	**$ 1,210,527**	$ 1,187,701	$ 1,191,368	$ 1,182,091
Total liabilities	**648,895**	642,755	656,474	649,936
Partners' capital	**561,632**	544,946	534,894	532,155
Investment properties	**1,189,707**	1,169,949	1,157,616	1,153,226
Mortgages payable	**546,417**	576,220	577,486	573,583

As at *($000's)*	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Total assets	$ 1,175,263	$ 1,162,700	$ 1,170,675	$ 1,115,602
Total liabilities	644,913	639,468	652,068	592,618
Partners' capital	530,350	523,232	518,607	522,984
Investment properties	1,148,815	1,139,533	1,133,501	1,013,652
Mortgages payable	574,642	575,449	576,253	543,906

The selected quarterly information noted above highlights fluctuations over the most recently completed eight quarters. The fluctuations are generally due to the timing of new investment property acquisitions, dispositions and fair value changes of the investment properties under IFRS and are not generally reflective of seasonality or cyclicality. During the nine months ended September 30, 2017, Pure Multi-Family internalized its property management function, which eliminated all property management related fees, at the time of the internalization, previously recorded under operating expenses as these amounts were subsequently recorded within general and administrative expenses. During the year ended December 31, 2018, Pure Multi-Family incurred certain one-time costs associated with the strategic review process, which began in the first quarter of 2018 and accounted for an additional $1,406,980 of expenditures during the 2018 fiscal year, which were included within G&A expenses. An additional $449,557 of strategic review expenses were recorded during the three months ended June 30, 2019 and included within G&A expenses. Operating expenses include property tax expense related to the investment properties. Depending on when prior period property tax appeals are settled, the operating expenses can demonstrate volatility due to nature of the timing of when the property tax appeal settlement is recognized into the operating expenses.

SECTION IV

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions during the reporting period that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Pure Multi-Family's significant accounting policies are described in note 2 to the June 30, 2019 unaudited condensed interim consolidated financial statements and in note 3 to the December 31, 2018 audited consolidated financial statements available on SEDAR at www.sedar.com and on Pure Multi-Family's website at www.puremultifamily.com.

The policies that are most subject to estimation and judgment are outlined below.

Valuation of Investment Properties

The fair value of the investment properties is determined by management, using recognized valuation techniques supported, in certain instances, by independent real estate valuation experts.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (based on factors such as tenant profiles, future revenue streams and overall repair and condition of the property), capitalization rates and discount rates applicable to those assets. These estimates are based on market conditions existing at the reporting date.

The following approaches, either individually or in combination, are used by management, together with the appraisals, in their determination of the fair value of the investment properties:

- The Income Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.

- The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

Management reviews each appraisal obtained and ensures the assumptions used by the appraisers are reasonable and the final fair value amount reflects those assumptions used in the various approaches above. Where an appraisal is not

obtained at the reporting date, management uses the approaches described above to estimate the fair value of the investment properties.

ACCOUNTING STANDARDS – NEWLY IMPLEMENTED

Pure Multi-Family's significant accounting policies are described in note 2 to the June 30, 2019 unaudited consolidated interim financial statements and in note 3 to the December 31, 2018 audited consolidated financial statements, available on SEDAR at www.sedar.com and on Pure Multi-Family's website at www.puremultifamily.com.

Accounting Standards Implemented in 2019

On January 1, 2019, Pure Multi-Family implemented IFRS 16 Leases ("IFRS 16"). The impacts on implementation of IFRS 16 is described below.

IFRS 16

On January 13, 2016 the IASB issued IFRS 16, Leases ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019 and replaces IAS 17.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Where a lease is in scope, the main effect of IFRS 16 is that its requirement for a lessee to recognize assets and liabilities for long term leases of value results in an increase to assets and financial debt.

The majority of Pure Multi-Family's leases are either of low value or of a duration of twelve months or less, which is out of the scope of IFRS 16.

Pure Multi-Family elected to apply the modified retrospective approach, where the lessee does not restate comparative figures. In addition, when stand-alone prices of lease and non-lease components can be determined, variable non-lease components shall be recognized as operating expenses in profit or loss when there are incurred. As a result of using the modified retrospective approach, the cumulative effect of initially applying IFRS 16 is an increase in both assets and liabilities in the amount of $708,468 on January 1, 2019.

SECTION V

RISKS AND UNCERTAINTIES

All income producing property investments are subject to a degree of risk and uncertainty. They are affected by various factors including general market conditions and local market circumstances. An example of general market conditions would be the availability of long-term financing whereas local conditions would relate to factors affecting specific properties in a particular geographic location, such as changes in market lease rates as a result of an over- supply of space or a reduction in demand for real estate. Management attempts to manage these risks by acquiring investment properties in various cities with strong economic and growth indicators, and engaging property management groups with local knowledge and experience.

The Board has the overall responsibility for the establishment and oversight of Pure Multi-Family's risk management framework. Pure Multi-Family's risk management policies are established to identify and analyze the risks faced by Pure Multi-Family, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to Pure Multi-Family's activities.

In the normal course of business, Pure Multi-Family is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Interest Rate and Financial Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. Pure Multi-Family is exposed to financial risk from the interest rate differentials between the market rate and the rates used on these financial instruments.

Pure Multi-Family manages its financial instruments and interest rate risks based on its cash flow needs. Pure Multi-Family minimizes interest rate risk by obtaining long-term, fixed rate mortgages whenever possible. It targets a conservative ratio of debt to gross book value within the range of 50% to 60% and is restricted under the LP Agreement to a maximum of 70%. Pure Multi-Family does not have any mortgages maturing within the next 6 months and all of the mortgages payable bear interest at fixed rates, with the exception being the credit facility bearing interest at a variable rate. Pure Multi-Family does not face significant interest rate risk in the context of its outstanding debt.

The profile of Pure Multi-Family's interest-bearing financial instruments for the dates indicated is set out below:

	Face Value	
($000's)	**June 30, 2019**	December 31, 2018
Fixed rate instruments		
Mortgages payable	**$ 546,417**	$ 577,486
Convertible debentures	**22,741**	22,741
Preferred units of subsidiary	**125**	125
	$ 569,283	$ 600,352
Variable rate instruments		
Credit facility	**$ 56,000**	$ 27,000

Credit Risk

Credit risk is the risk of financial loss to Pure Multi-Family if a tenant, customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Pure Multi-Family's receivables from tenants.

Pure Multi-Family's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. Pure Multi-Family, through the US REIT, minimizes the risk by checking tenants' credit histories, requesting security deposits and initiating a prompt collection process. In addition, there is no concentration of credit risk due to the large number of individual tenants.

Currency Risk

Pure Multi-Family is exposed to minimal currency risk as a relatively small portion of the expenses are in Canadian dollars.

Lease Rollover Risk

Lease rollover risk arises from the possibility that Pure Multi-Family may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants upon lease expiry. All leases of Pure Multi-Family's investment properties have lease terms of one year or less. Typically, Pure Multi-Family instructs its property managers to initiate the renewal process before the existing leases expire. For any vacant spaces, Pure Multi-Family uses qualified leasing agents to actively market the spaces.

Class A Unit Prices

It is not possible to predict the price at which Class A Units will trade and there can be no assurance that an active trading market for the Class A Units will be sustained. The Class A Units will not necessarily trade at values determined solely by reference to the value of the investment properties of Pure Multi-Family. Accordingly, the Class A Units may trade at a premium or discount to the value implied by the value of Pure Multi-Family's investment properties. The market price for the Class A Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond Pure Multi-Family's control.

Environmental Risk

As an owner of real property, Pure Multi-Family is subject to various federal, state and municipal laws relating to environmental matters.

Management carries out environmental inspections, by qualified environmental consultants, before a property is purchased. Management is not aware of any material non-compliance with environmental laws with respect to the current portfolio and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with the current portfolio.

Liquidity Risk

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit Pure Multi-Family's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Pure Multi-Family were required to liquidate a real property investment, the proceeds to Pure Multi-Family might be significantly less than the aggregate carrying value of such property.

Liquidity risk is the risk that Pure Multi-Family will not be able to meet its financial obligations as they fall due. Pure Multi-Family's approach to managing liquidity is to ensure that it will have sufficient cash available to meet its

liabilities when due. In addition, Pure Multi-Family intends to refinance any mortgages which mature within six months.

The following table provides the future non-discounted scheduled payments of financial liabilities, including estimated interest payments:

($000's)	2019	2020	2021	2022	2023	2024 and thereafter
Mortgages payable (principal and interest)	$ 15,316	$ 27,615	$ 64,302	$ 55,793	$ 49,405	$ 492,994
Credit facility (principal and interest)	1,300	2,600	2,600	56,600	-	-
Convertible debentures payable (principal and interest)	739	23,850	-	-	-	-
Preferred units of subsidiary (principal and interest)	16	16	16	16	16	140,625
Leases payable	62	125	128	130	133	159
Accounts payable and accrued liabilities	20,446	-	-	-	-	-
Total	**$ 37,879**	**$ 54,206**	**$ 67,046**	**$ 112,539**	**$ 49,554**	**$ 633,778**

Tax Risk

The US REIT currently qualifies as a real estate investment trust for U.S. federal income tax purposes. Thus, the US REIT is not subject to U.S. federal income tax. If the US REIT does not qualify or ceases to qualify as a REIT under the REIT exception, adverse consequences could arise including a material reduction of distributions to unitholders and Pure Multi-Family.

There can be no assurance that Canadian or U.S. federal income tax laws regarding the treatment of REITs will not be changed, or that administrative and assessment practices of the Canada Revenue Agency or IRS will not develop in a manner which adversely affects Pure Multi-Family or its unitholders.

Cybersecurity Risk

The efficient operation of Pure Multi-Family's business is dependent on computer hardware and software systems. Information systems are vulnerable to cybersecurity incidents. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of Pure Multi-Family's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Pure Multi-Family's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with users, the disclosure of confidential information including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny and fines, as well as litigation and other costs and expenses. Pure Multi-Family takes data privacy and protection seriously and has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and IT security mechanisms. Additionally, Pure Multi-Family monitors and assesses risks surrounding collection, usage, storage, protection, and retention/destruction practices of personal data. These measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

Real Estate Risk

Pure Multi-Family is subject to the conventional risks associated with the ownership of real estate. Pure Multi-Family strives to mitigate these risks by remaining fully informed on best practices, trends and legislative and demographic changes in the real estate markets within which it operates. Pure Multi-Family additionally strives to mitigate these risks by focusing intently on execution.

Administration in the United States

The Administration in the United States may bring about changes in social, political, regulatory, tax and economic conditions or in laws and policies governing foreign trade, development and investment that could potentially cause significant volatility in global financial markets, including in global currency and debt markets. Such volatility could cause a slowdown in economic activities in the United States, Canada or globally, which could adversely affect Pure Multi-Family's operating results and growth prospects, the extent of which may not be identifiable as of the date hereof.

RELATED PARTY TRANSACTIONS

Managing LP

Pure Multi-Family is related to the Managing LP, by virtue of having an officer and director in common (Stephen Evans, Pure Multi-Family's Chief Executive Officer). Pure Multi-Family declared distributions to the Managing LP in the amount of $249,922 during the three months ended June 30, 2019 and $499,844 for the six months ended June 30, 2019 (249,922 and $499,844, respectively, during the three and six months ended June 30, 2018). Included in accounts payable and accrued liabilities at June 30, 2019 was $249,922 (December 31, 2018 - $939,688) payable to the Managing LP.

Compensation

Directors of the Governing GP who are not affiliated with or employees of the Managing LP receive annual compensation, in addition to and where applicable, fees for attending meetings of the directors or any committee and acting as committee chairs and members. As well, the Governing GP indirectly reimburses such directors for any out of pocket expenses, including out-of-pocket expenses for attending meetings. Pure Multi-Family reimburses the Governing GP for such amounts. In addition, Pure Multi-Family has obtained insurance coverage for such Directors. Compensation is reviewed on an annual basis, giving consideration to Pure Multi-Family's growth and the extent of its portfolio.

Key corporate personnel have the authority and responsibility for planning, directing and controlling the activities of Pure Multi-Family, directly or indirectly. Pure Multi-Family's key personnel include the Chief Executive Officer, Chief Financial Officer, Senior Vice President, Executive Vice President and the directors. Salaries, bonuses, Directors' fees and other short-term employee benefits and incentives are recorded within G&A expense and accrued when earned as follows:

($000's)	**For the three months ended June 30, 2019**	For the three months ended June 30, 2018	**For the six months ended June 30, 2019**	For the six months ended June 30, 2018
Salaries, Directors' fees, and other short-term benefits	**$ 613**	$ 597	**$ 1,156**	$ 1,193
Unit based compensation expense	**102**	28	**179**	28

The increase to key corporate personnel compensation during the three and six months ended June 30, 2019, compared to the same periods in the prior year, was primarily driven by the grants of Restricted Units under the Restricted Unit Plan.

There were no Restricted Units or distribution restricted units eligible for redemption at June 30, 2019.

OUTSTANDING UNIT DATA

Except as set out in the LP Agreement, no Class A Unit or Class B Unit has any preference or priority over another. The Class A Units and the Class B Units have voting rights as set out in the LP Agreement.

As at August 8, 2019, the following of Pure Multi-Family's securities were outstanding:

(a) 200,000 Class B Units. Pursuant to the LP Agreement, the Class B Unitholders as a class are entitled to re-designate some or all of their Class B Units into a maximum of 2,665,835 Class A Units;

(b) 77,667,465 Class A Units; and

(c) 17,482 Debentures. The Debentures are convertible at the option of the holder and redeemable by Pure Multi-Family in accordance with the terms of the trust indenture dated August 7, 2013. See "Financial Condition – Convertible Debentures".

SECTION VI

SUBSEQUENT EVENTS

- Between July 1, 2019 and August 8, 2019, 5,259 of the remaining outstanding 22,741 Debentures were converted into 930,794 Class A Units.

- On July 18, 2019, Pure Multi-Family announced that it entered into an arrangement agreement with an affiliate of Cortland Partners, LLC ("Cortland") pursuant to which Cortland will acquire all of the outstanding Class A units (the "Units") of Pure Multi-Family for US$7.61 per Class A unit in an all-cash transaction ("Transaction") valued at US$1.2 billion including net debt. The Transaction will involve Cortland acquiring all of the Units for US$7.61 per Unit, including the expected re-designation of all 200,000 Class B units outstanding of Pure Multi-Family into 2,665,835 Units and all Restricted Units and Deferred Units that vest on change of control. The Transaction is structured as a statutory plan of arrangement under the British Columbia Business Corporations Act. Completion of the Transaction is subject to customary conditions, including approval by unitholders at a special meeting, court approval and regulatory approvals.

ADDITIONAL INFORMATION

Additional information relating to Pure Multi-Family is available on SEDAR at www.sedar.com and on Pure Multi-Family's website at www.puremultifamily.com.

TRADING SYMBOLS

Toronto Stock Exchange : RUF.U, RUF.UN, RUF.DB.U

OTCQX: PMULF